

Norfolk shipyard wins \$43 million Navy deal

BY ALLISON CONNOLLY
THE VIRGINIAN-PILOT

Capping months of anticipation, the Navy announced Tuesday the award of a large, five-year contract for non-dry dock work on a group of destroyers to Marine Hydraulics International Inc. in Norfolk.

The contract is worth \$43 million but is expected to grow as the Navy negotiates more work over the next five years. It is part of an estimated \$458 million package to repair a group of Arleigh Burke-class ships here and in Mayport, Fla. The other half of the contract, for dry dock work, was awarded December 20 to Norshipco

in Norfolk.

"We were surprised, but I feel we were the best value to the Navy and we have a lot of experience on this type of combatant," said Gary Brandt, Marine Hydraulics' president and chief executive officer

who recently had been critical of the Navy's new practice of awarding bulk repair



"We were surprised, but I feel we were the best value for the Navy."

- Gary Brandt,
CEO, Marine
Hydraulics

Please see **Yard**, Page D2

Yard: Contract could mean steady work for five years

Continued from Page D1

contracts to a single company.

Earl Industries LLC in Portsmouth also competed for the contract.

"We're very disappointed about losing this one," said Earl's president, Jerry Miller. "But you win some and lose some. There will be other contracts to bid on."

The first destroyer to be repaired under the contract, the Barry, should arrive at Marine Hydraulics' new pier in the

West Ghent section of Norfolk in May or June, Brandt said.

The destroyer contract was highly sought after because it essentially guarantees the winning bidder steady work for the next five years. And it comes at a time when ship repairers are worried about having enough business to keep their workforce stable.

Many had been counting on a \$300 million overhaul of the aircraft carrier John F. Kennedy to start here later this year. However, the Pentagon has

proposed retiring the carrier to save money, and that work is in doubt as Congress considers the 2006 budget. While the money for the overhaul would likely still be used for ship repair, it likely wouldn't all be spent in Hampton Roads.

The announcement caps more than a year of debate among the ship repair community about the Navy's new policy of awarding bulk contracts.

Historically, the Navy awarded contracts on a ship-by-ship basis. But to deploy ships on

short notice, the Navy decided to give one prime contractor responsibility for a group of ships over a five-year period. Under this process, for emergency repairs the Navy could avoid a time-consuming bid process.

For the destroyers, the Navy initially wanted to award both the dry dock and non-dry dock work to a single prime contractor. But critics called it anti-competitive. Brandt led the charge to break the contract into two parts so more companies could have a crack at it.

After several meetings with ship repairers over the course of last year, Navy officials decided to award the contract in two parts and require that at least 40 percent of the work be subcontracted to small business.

Brandt plans to open an office in Mayport, where some of the work will be done. The company will subcontract some work to Atlantic Marine Inc., which is based in Mayport.

Reach Allison Connolly at 446-2318 or allison.connolly@pilotonline.com